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## CENTRAL INTELLIGENCE AGENCY

## INFORMATION REPORT

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THE SOURCE EVALUATIONS IN THIS REPORT ARE DEFINITIVE.  
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1. Location.

The Budapest Machine Tool Factory (Budapest Szerszámgépgyár, formerly the Salgótarjáni Gépgyár) is situated at Váci ut, Budapest XIII. Opposite the entrance to the factory is the secondary telephone exchange of the 13th District Post Office.

2. Buildings.

- a. The main building containing a blacksmiths' shop on the ground floor and offices on the first floor is marked No. 4 on Annex B. The shop on the first floor contains gear-grinding lathes, planing, flat and circular polishing machines. About 50% of these are 15-20 years old; 20% are EU machines produced by the works themselves. One Fischer lathe (2,000 ? ) and other machine tools have been installed in this department during the last four years, but these are now in bad condition.
- b. The smithy and grinding workshop (No. 7 on Annex B) contains gear-cutting machinery and storeroom space. The greater part of the machine tools are old and overworked. The foundry (No. 11 on Annex B) is believed to contain 2 or 3 conical furnaces of the 800-type. The assembly shop is marked No. 12 on Annex B. This contains no machine tools. The first floor caught fire at the beginning of 1953 but damage was slight. The first floor contains offices and a paint depot.

3. Efficiency.

The machine tools can be considered 50-55% efficient.

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25 YEAR RE-REVIEW

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4. Production.

- a. The factory produces turning lathes; monthly production is approximately 45-50 units. The lathe known as the EU 1,000 is the principal product of the factory, and was started some four years ago. Before this the factory was engaged on the production of other machines while its foundry worked for other plants and manufactured the so-called "Salgotarjani" stoves.
- b. Production of the EU 1,000 lathe is due to cease in the near future when the factory will change over to the production of a more modern machine of similar size. Blueprints of this new product are almost finished. A young engineer has been sent by the factory to the Soviet Union to study methods of bringing the factory up to date and to modernize production. He has already spent three years in the USSR studying various machine-tool factories, especially the "Red Proletarian" factory which is similar in size to the Budapest Machine Tool Factory and produces 120 lathes per month with fewer workmen. A reduction of staff is envisaged with the coming modernization of the factory. Uninterrupted conveyor belt production has been planned and it is estimated that monthly production will rise to some 100 lathes. It is also planned to change over to the "double-blower" system.

5. Source of Materials.

Raw materials, especially steel, are obtained from the Lenin Foundry in Diósgyőr and from the factory's own foundry. The latter gets its raw iron and coke from the central depots of the Argi (sic). Conical chucks for the lathes are obtained from the Fine Steel Distributing and Storing Firm (Nemesacél és Raktározó Vállalat) and the Hungarian Steel Goods Factory (Magyar Acélárugyár).

6. Dispatch of Finished Products.

About 50% of the EU 1,000 lathes produced are exported, the majority to the Satellites, the remainder to the West. The other 50% of the lathes are sent to various undertakings in Hungary. The finished products leave the plant by road.

7. Source of Power.

The plant is driven by electric current which is obtained from the Budapest electricity supply.

8. Shortages.

Steel shortages have caused trouble to the manufacturing capacity of the factory as has the bad quality of the ball bearings supplied. The gear wheels manufactured by the factory itself also lack precision and cause trouble in assembly.

9. Personnel.a. Management.

- 1.) Manager is Antaz (fnu); he was formerly chief of personnel in the Engineering Directorate of the Ministry for Metallurgical and Machine Industries.

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2.) Production chief is Egon Szö<sup>u</sup>renyi.

3.) Head of the construction department is László Ludmann.

b. Labor.

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The factory employs approximately 1,200 workers, divided into a large morning shift, a smaller afternoon shift and a small night shift in the blacksmiths' shop. The foundry workers work in two shifts. Casting is only done once a day. Approximately 40% of the labor is skilled.

10. Vulnerable Points.

The most vulnerable points in the factory are the smithy (No. 4 on Annex B) and the grinding workshop (No. 7 on Annex B).

11. Air-Raid Protection.

The factory's air raid shelters have been repaired. There are no blackouts preparations in progress. ARP personnel is recruited from those workers who are exempt from military service, chiefly women and firemen. The ARP personnel were trained in courses starting at the beginning of 1953, conducted by experts of the State Air-Raid Protection Organization.

Annexes: (A) Sketch of the location of the Budapest Machine Tool Factory (1 page)  
(B) Layout of the factory (1 page)

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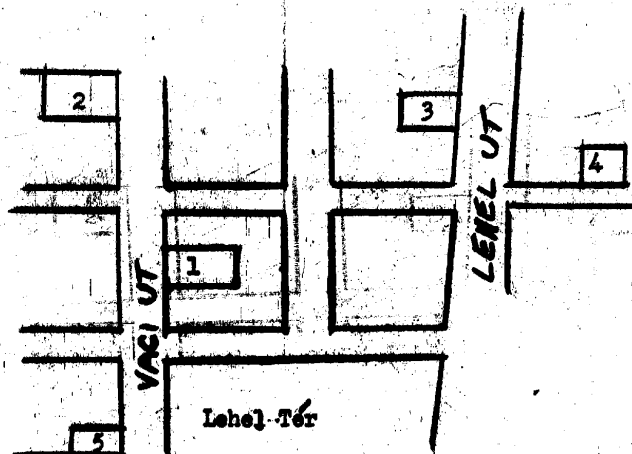
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Annex (A)

SECRET/CONTROL-U.S.OFFICIALS ONLY Sketch of the Location of the  
Budapest Machine Tool Factory



Legend.

1. Budapest Machine Tool Factory
2. Budapest Electricity Works
3. Hungarian Elevator Factory
4. Radiator Factory
5. Kontakta Factory for electrical appliances

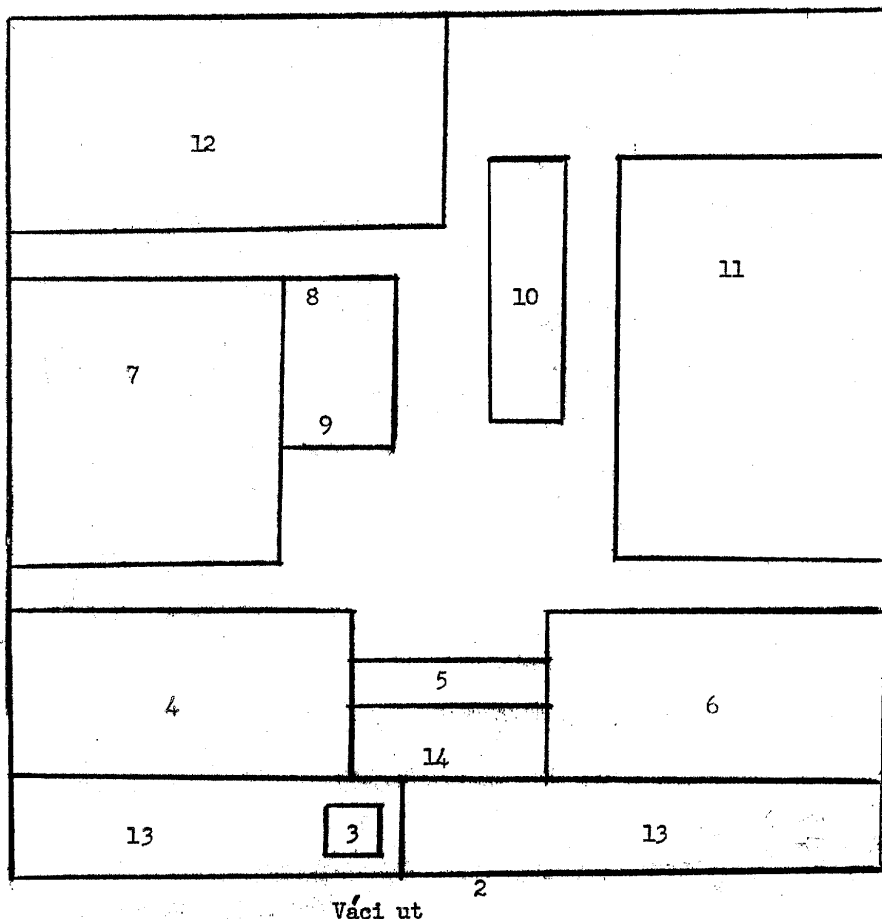
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Annex (B)

Layout of the Budapest  
Machine Tool FactoryLegend.

1. Entrance for pedestrians
2. Entrance for vehicles
3. Porter's lodge
4. Offices on the second floor; blacksmiths' shop on the first floor
5. Covered bridge on each floor between office blocks (known as the "bridge of sighs")
6. Offices on the second floor; lecture room on the first floor
7. Smithy and grinding workshop
8. Depot for finished moulds
9. Depot for coke
10. Raw iron and scrap iron depot
11. Foundry
12. Assembly plant
13. Garden
14. Secondary entrance

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